

SFSL Policy - Corporate Social Responsibility

Version 1.0

Release Date 07-Aug-21

CORPORATE SOCIAL RESPONSIBILITY POLICY

I. CSR POLICY

This CSR Policy encompasses SFSL's philosophy for social responsibilities and lays down the guidelines and mechanism for undertaking projects, programs and activities towards such responsibilities.

II. VISION STATEMENT AND OBJECTIVE

1. The CSR Policy sets out SFSL's commitment towards ensuring that corporate activities extend beyond business and include initiatives and endeavours for the benefit and development of individuals, society & environment. The CSR Policy lays down guidelines for undertaking programmes geared towards welfare activities or interventions. Through this policy, SFSL proposes to adopt the CSR Activities mentioned below.
2. In alignment with the above vision SFSL, through the CSR Activities, will endeavor to enhance value creation through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a socially responsible corporate.
3. This CSR Policy has been framed in accordance with the applicable provisions of the Companies Act 2013 and the rules issued thereunder.
4. The objective of the CSR Policy is to:
 - a. Provide approach & direction including guiding principle for selection, implementation & monitoring of CST activities
 - b. Formulation of Annual Action plan
 - c. Outline projects, programs and activities to be undertaken by SFSL;
 - d. Specify the modalities of execution of such projects, programs and activities;
 - e. Monitor the process to be followed for such projects, programs and activities;
 - f. Generate goodwill for Responsibility initiatives at SFSL and help reinforce a positive and socially responsible image, through CSR Activities.

III. CSR COMMITTEE

1. The CSR Committee shall be constituted in accordance with the provisions of the Act comprising of 3 (three) Directors as nominated by the Board from time to time. The Company Secretary shall be the secretary to the Committee. The CSR Committee may invite other experts/ invitees as per its requirements.
2. CSR Committee shall be responsible for:
 - a. Formulating, monitoring and recommending to the Board the CSR Policy and any subsequent change/ modifications thereto;
 - b. Recommending the amount to be spent and their budgets as well as recommendation of any subsequent change/ modification thereto
 - c. Instituting an implementation and monitoring mechanism for CSR Activities;
 - d. Periodically updating the Board on the progress being made in the planned CSR Activities;
 - e. Providing an Annual Action plan to the Board

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IV. GROUP CSR LEADERSHIP TEAM (CSR Cell)

1. The CSR Cell has been constituted to assist the CSR Committee with the implementation and impact assessment of the CSR initiatives. The CSR Cell will comprise of such members as may be nominated by the Committee from time to time.
2. The CSR Cell shall be responsible for:
 - a. Identifying CSR Activities at the directions of the Board and the CSR Committee;
 - b. Undertaking impact assessment of the CSR Activities, wherever required
 - c. Determining the modalities of execution including targets and timelines in consultation with the CSR Committee;
 - d. Timely implementation of the CSR Activities approved by the Board in compliance with the applicable provisions of the Act and CSR Rules;
 - e. Providing periodic reports to the CSR Committee on implementation as well as assessment carried out through field visits and feedback sessions; and
 - f. Any other assistance as may be required by the Board and the CSR Committee in relation to implementation of the CSR Activities.

V. PROJECTS, PROGRAMS AND ACTIVITIES

1. SFSL has identified the following focus areas of intervention
 - (i) Healthcare services
 - (ii) Promoting education and employment by enhancing vocational skills
 - (iii) Catering to societal needs by providing services to old age homes and orphanages.
 - (iv) Environmental contributions through welfare of animals and protection of flora and fauna through green initiatives
 - (v) Disaster management which includes relief and sustainability activities
2. The criteria for selecting the programs will, *inter-alia*, comprise of the following:
 - (i) Preference shall be given to CSR activities in local areas and in immediate vicinity of Company's offices.
3. The Board shall ensure that appropriate designated staff or personnel provides adequate assistance (viz. data collection, survey, quotations and costs involved etc.) to the CSR Committee to enable it to make necessary recommendations to the Board. For this purpose, the CSR Committee may also approach external consultants for necessary assistance as it may deem fit at such costs as may be approved by the Board.
4. The CSR Cell shall undertake sufficient due diligence of each of the CSR Activity before it is implemented.
5. Based on the recommendations of the CSR Committee, the Board shall approve the following:
 - (i) Approve the CSR policy and amendments, if any
 - (ii) The specific CSR Activities that should be undertaken from time to time;
 - (iii) Whether the CSR Activities will be undertaken directly or through an implementing agency or in collaboration with any other companies, including by availing services of any NGOs

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- (iv) Approve the Annual CSR Report
 - (v) Approve the disclosures in the Annual Directors report
 - (vi) Approve the Disclosures in Company website
6. Activities undertaken in pursuance of the normal course of SFSL's business shall not be considered towards CSR Expenditure.

VI. CSR EXPENDITURE AND ALLOCATION

1. The minimum CSR spend by SFSL shall be as per the requirements of the Companies Act 2013.
2. The Board shall approve the allocation of the CSR Expenditure on the CSR Activities on the recommendation of the CSR committee and, to the extent possible, shall give priority to the local areas wherever SFSL has its operations.
3. On the basis of identified CSR activities / projects, the Annual CSR Plan shall be prepared by the CSR Cell.
4. The CFO of the company shall certify that the funds so disbursed for CSR have been utilised for the purposes and in the manner approved.

VII. ANNUAL ACTION PLAN

1. An Annual action plan will be prepared by the CSR Cell and will include:
 - a. Approved CSR projects and programs
 - b. Manner of execution of the projects
 - c. Modalities of utilisation of funds
 - d. Implementation schedules
 - e. Monitoring and reporting mechanism
 - f. Details of need
 - g. Impact assessment, if any,
2. The broad contours of the plan shall be prepared before the commencement of the next financial year or latest before the first CSR committee meeting for the financial year.
3. The CSR Annual Plan may, however, be amended/modified at any time during the financial year by the Board.
4. The approved CSR Annual Action Plan will be based upon the matters as prescribed in the Policy.

Viii IMPLEMENTATION

1. If required, baseline survey would be conducted by the implementing agency and annual reviews shall be undertaken to ascertain the progress.
2. The Board along with the CSR Committee and the CSR Cell shall be responsible for implementation of this CSR Policy.
3. SFSL may undertake the CSR Activities either ourselves or through other qualifying Non-government organizations ("NGOs") or agencies.

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5. The projects, programs or activities identified by the CSR Committee and approved by the Board shall be implemented in a project/program mode through the CSR Cell which will entail charting the stages of execution through planned processes, measurable targets, mobilization and allocation of budgets and prescribed timelines.
6. To the extent feasible, a project based accountability approach to stress on the long term sustainability of CSR Activities shall be adopted, and the indicative action plan and implementation schedule (timelines) for the projects, programs and activities shall be adopted.

IX. MONITORING MECHANISM

1. To ensure effective implementation of the CSR projects, programmes and activities undertaken in terms of this CSR Policy, the progress of each such project, programme and activity will be reported to the CSR Committee on a monthly/quarterly basis, with all requisite documentation.
2. A periodic report on implementation shall be submitted to the Board by the CSR Committee.
3. The CSR Committee shall also try to obtain feedback from the beneficiaries of the CSR projects, programmes and activities.

X. IMPACT ASSESSMENT

1. The CSR Committee will conduct impact studies, if required through independent professional third parties / professional institutions.
2. Field visits shall be conducted at regular intervals to ensure effective implementation.
3. Proper documentation shall be done in an MIS format to record key observations of such feedback sessions and field-visits.
4. If deemed necessary by the CSR Committee, the effectiveness of the various programs/ activities undertaken under the CSR Policy may be evaluated through external agencies to provide the required feedback and inputs to formulate and improve the programs in future..

XI. REPORTING

1. The CSR Committee shall maintain proper minutes of all its meetings.
2. The CSR Committee shall prepare an annual report on CSR with such information and particulars as may be required by the Act and such report shall be included in the Board's report annexed to the financial statements.
3. The Board's report shall include an annual report on CSR containing such details as may be prescribed from time to time under the Act and the CSR Rules.
4. The Board will be responsible to ensure that the statutory requirements as may be prescribed from time to time under the Act and the CSR Rules are complied with.

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XII. GENERAL

1. Any surplus arising out of the CSR projects/programs or activities shall not form part of the business profits of the company.
2. All administrative expenses, including expenditure on general management & administration incurred in implementing the CSR policy would be borne from CSR funds. However, the expenditure in a financial year shall not exceed the limits as specified by any statute in such financial year.
3. If it is observed that any CSR Activity taken up for implementation is found not properly implemented, the CSR Committee may, with approval of the Board, may discontinue funding the project at any time during the course of implementation with proper explanation and use such funds for any other project.
4. The CSR Committee shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this CSR Policy.

XIII AMENDMENT

The CSR Committee is empowered to amend or modify the CSR Policy and such changes shall be placed before the Board for its approval. The Board may subject to compliance with applicable law, at any time approve or alter, amend or modify the CSR Policy, as it deems fit to comply with the statutory obligation to undertake the CSR Activities.